

Created By: PAUSMI 07-23-2004 16:25 Clm#: 521474522015

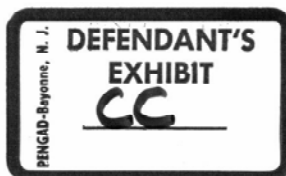
Insured: WALTER BECK CORPORATION

Re: Status denial

Denial- Insured respond to my last two letters. It came while I was on vacation. I signed for it 20th I believe.

In any case it did not contain the name of the firm who maintained the fire suppression system. He stated his records were destroyed in the fire. That may be the case, however I can not imagine there are that many firms to choose from in rural Pa.

I will await his response.



Created By: PAUSMI 02-11-2004 13:53 Clm#: 521474522015

Insured: WALTER BECK CORPORATION

Re: Harold Beck

I spoke to Harold Beck to alert him of the denial letter. He was very upset. He indicated this would cause them great hardship.

He said late Summer they received a survey from Safeco. In that survey one of the questions was do you have a fire suppression system. they answered no and the policy was renewed. Also the property was inspected by Safeco loss control personnel who noted no suppression system.

Ask me to check that out again.

They will not accept denial will get counsel.

Created By: PAUSMI 01-22-2004 15:51 Clm#: 521474522015

Insured: WALTER BECK CORPORATION

Re: Status Coverage

Coverage- After verbal statement from the insured it has been determined there was no fire suppression system. They had an old Halon system. This was removed and never replaced per our report of 1-7-04.

I have checked on any written reports from loss control. To my knowledge none exist. I have checked with underwriting. They have no record of reports. They had no knowledge that the fire suppression system was removed and never replaced.

In a comment to me it was clear that had they known the policy would have been canceled.

Adjustment- BPP- Insured has presented their preliminary inventory. There were three. One for Beer & food, \$3,812.91. The second stock & equipment \$74,357.50. The third liquor \$2,380.56.

The liquor and food will need to be adjusted based on what portion of the produced has been used. The stock and equipment has, what appear to be building items in them. Also depreciation will have to be applied.

Reserves appear fine for now.

Question submitted- It would seem coverage is in doubt here. Insured was obligated to have and maintain a fire suppression system under cp7586. He did not do so. Even though there is no evidence the fire was as a result of the lack of a suppression system in the kitchen I believe coverage is voided due to the failure to have same.

Do you agree with this evaluation?

If you do I think our next step should be a formal denial.

Created By: PAUSMI 01-07-2004 16:38 Clm#: 521474522015

Insured: WALTER BECK CORPORATION

Re: Underwriting

I spoke with the U.W. who indicated they felt there was a fire suppression system. There is no loss control report in file, but there are requests. There is reference to Falcon co. They do field loss control as independent. There is no report that they can find.

If U.W. knew of the lack of fire suppression system they would have canceled. Lots of notes business up for sale, almost sold, etc. So they never got requested info from the agent.

Created By: PAUSMI 01-07-2004 12:10 Clm#: 521474522015
Insured: WALTER BECK CORPORATION
Re: Status Coverage

Coverage- I had a discussions with the agent and the Insured on the fire suppression system. Agent advised that in 1997 there was a fire suppression system. This form sent to American States. He is faxing me a copy.

Insured said they have no fire suppression system. In was removed about 1997. It was Halon. He said the Halon was ruled illegal and they were required to remove it. It was never replaced. He said the agent was advised. He also said that Safeco loss control people have been through the building since and knew there was no fire suppression system and made no mention of the need for one.

The current agent indicated Jeff Watson was agent at the time, but has been gone for several years. He has no idea what was or was not told to Jeff Watson.

Question- Is there a way to check if and when our loss control people were at the location? I assume there would be some type of dated report?

Created By: PAUSMI 01-07-2004 11:49 Clm#: 521474522015

Insured: WALTER BECK CORPORATION

Re: Bud Beck

I spoke with Bud Beck owner of the building. He said Bpp list is underway. He will e-mail to me this week. Also He is to get bids on the demolition beyond what had been done during the investigation.

I advised I will establish value on the building.

He had been contacted by public adjusters and ask if he needed their services. To date is happy with us, understands the investigation. I advised if he becomes dissatisfied with us he has the option of a public adjuster.

Lastly I inquired of the fire suppression system. He advised it was removed in 1996 Or 1997 as it was a Halon system which was ruled illegal and had to be removed.

He advised that it was never replaced and his agent was advised. Also he said Safeco loss control people were at his location and knew there was no fire suppression system.

I advised of the requirement under the cp7586. I said I would check on this and await the Bpp inventory.